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lands and the revenue derived therefrom. His Highness the Maha Raja has now been pleased to command that the Kandukrishi revenue from 1107 onwards should enure to the Palace, the cost of collection and other charges which are now classified under the budget head "Land Revenue-Kandukrishi Cutcherries and Nelpuras" being deducted from the gross receipts. As the payment of the net revenue to the Palace for any year can be made only in the succeeding year after the closing of the final accounts, the receipts from Kandukrishi lands and the cost of collection, etc., thereof are exhibited under a separate budget head "Kandukrishi Fund."

(2) Under Section 28 (4) of the Travancore Legislative Reforms Regulation, II of 1108, the expenditure under the major head "State Charities" is subject to the vote of the legislature. An analysis of the several items comprising this major head has, however, shown that many items are either closely associated with the religious practices sanctioned by His Highness the Maha Raja or are closely allied to ordinary Devaswom expenditure. These items have therefore been separated from the major head "State Charities" and classified under the major head "Devaswoms." To facilitate easy comparison, the revised and the budget estimate figures for the current year and the actuals of 1107 have also been suitably reclassified.

(3) As the new Legislative Reforms were brought into force with effect from 1st January 1933 corresponding to 18th Dhanu 1108, division of expenditure into votable and non-votable, was not possible in the revised estimate figures for the current year.

The other changes in classification adopted in the budget are explained in the Chief Account Officer's Memorandum explaining the budget estimates for 1109.

REVISED ESTIMATES FOR 1108.

3. The estimates for the current year were for an aggregate revenue of Rs 223·19 lakhs and provided for a programme of expenditure to be met from revenue, of Rs 222·04 lakhs leaving a surplus of Rs 1·15 lakhs. But, on the basis of the actuals so far known, the revenue is expected to stand revised at Rs 232·88 lakhs and the expenditure charged to revenue at Rs 231·71 lakhs. The current year is thus expected to close with a revenue surplus of Rs 1·17 lakhs. The ordinary revenue for the year is expected to be better than the original anticipations by Rs 9·69 lakhs. The increases expected are mainly under Customs (5·63), Interest (2·98), Buildings, Communications and Miscellaneous Public Improvements (2·54), Stamps (1·81), and Abkari and Opium (1·33). Under Customs, a net revenue of Rs 10 lakhs only was estimated in the budget from our participation in the Cochin Harbour Scheme, but the actual receipts amounted to Bh. Rs 12,71,721. Again our import revenue shows an increase of Rs 1·75 lakhs due mainly to the import of a larger quantity of copra from Ceylon. The

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revenue from exports is expected to be better than the budget anticipations by Rs ·95 of a lakh due to larger exports of copra, pepper and tea. The exports of cocoanuts, coir, cocoanut oil and dry ginger have however declined slightly. The increase under Interest is due mainly to the premium or profit realised by the conversion and sale of some of the Government of India securities held by us. The increase under Buildings, Communications and Miscellaneous Public Improvements, is due to the receipt of Rs 3,57,200 on account of subventions from the Central Road Development Account out of the additional duty on petrol for the year 1931—32 and the 1st six months of 1932 33 as against Rs 1 lakh only anticipated in the budget. It may be mentioned here that the above receipt will be utilised solely for the improvement of main lines of communication in the State. Accordingly, with a view to avoid lapse of budget provision at the close of each year, it is proposed to charge off an amount equal to the receipt of the year to the P. W. D. grant under Communications and credit the same to a new head "Road Development Fund" under Debt Heads. Out of the receipts during the current year, Rs 1 lakh has been treated as P. W. D. receipts on account of road improvement works included in the budget estimate for the year and the balance of Rs 2,57,200 has been credited to the Fund account under "Debt Heads." The increase under Stamps is due to larger sales of court fee stamps. Under Abkari and Opium, the improvement is mainly under license fee and duty on opium and its preparations, ganja and other drugs, due partly to the increase in the sale price of ganja in accordance with the enhancement of duty in British India. Decreases are also expected under Land Revenue (3·97), Taxes on Income (·58) and Forest (1·14). The anticipated fall under Land Revenue is due to the increased expenditure under "Refunds" on account of the payment to the Palace, in the current year, of the net revenue from Kandukrishi lands during 1107 amounting to Rs. 1·34 lakhs and to the fact that the Revenue from Kandukrishi lands has been exhibited under a separate head "Kandukrishi Fund", by deduction from Land Revenue receipts. It is also due to the remission of 25 per cent. of the tax on the Ayacut lands including post-settlement registries for the Kumbhom crop of 1108 in the taluks of Tovala and Agastisvaram and to the suspension of coercive proceedings in the collection of tax from Kayal and Punja lands in Kuttanad. Under Taxes on Income, the decrease is due mainly to Refund of revenue which is expected to stand at Rs 1·10 lakhs in the current year as against Rs ·60 of a lakh anticipated in the budget estimate. Forest revenue is expected to be less than the budget by Rs 1·14 lakhs. The decrease is mostly under timber and other produce removed from the Forests by Government Agency, due to the dulness of the timber market on account of the economic depression.

4. On the expenditure side, a net increase of Rs 9·67 lakhs is expected. The chief items which contribute to the increase are Interest on debt and other obligations (3·68), Palace (1·28), Panivagai (2·27),

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His Highness the Maharaja's tours outside the State (1·13) and Buildings, Communications and Miscellaneous Public Improvements including Protective Irrigation (3·73). The increase under Interest is due partly to the payment of interest charges on the growing Savings Bank Deposits and partly to the expenditure amounting to Rs 2·90 lakhs incurred in connection with the conversion of the old 3½ per cent. Government of India non-terminable securities to 4 per cent. 1960 70 terminable securities. The additional expenditure of Rs 2·90 lakhs is however counter-balanced by a corresponding receipt of Rs 2·88 lakhs under IX Interest Conversion and sale of Government of India Securities. Under Palace, the excess is due to the expenditure on account of the annual payment of Rs 75,000 to Her Highness the Senior Maharani from the date of termination of the Regency. The increase under Panivagai is on account of the additional grants sanctioned for extensions and improvements to the Kowdiyar Palace. The increase under Buildings, Communications and Miscellaneous Public Improvements including Protective Irrigation is due to the fact that, as already explained, a sum of Rs 2·57 lakhs has been charged to this head and shown as receipts under the Road Development Fund. It is also due to the provision of additional funds for urgent works in the current year.

5. Turning to the Capital section, sale proceeds of Government lands are expected to bring in only Rs 1 lakh against Rs 2 lakhs anticipated in the budget and the capital expenditure stands revised at Rs 11·31 lakhs. In the result, a net outgoing of Rs 9·14 lakhs is expected at the close of the year as against the budget estimate of Rs 15·78 lakhs. The Government balance at the close of the year is thus expected to stand at Rs 113·70 lakhs.

BUDGET ESTIMATES FOR 1109.

6. I shall now proceed to deal with the budget estimates for the next year. Our revenue is expected to stand at Rs 230·04 lakhs and the expenditure proposed therefrom is Rs 229·25 lakhs leaving a nominal surplus of Rs ·79 of a lakh. The capital receipts next year are expected to amount to Rs 1 lakh and the proposed programme of capital expenditure is estimated at Rs 19·37 lakhs. In the result we shall be drawing from our accumulated surplus of previous years Rs 17·58 lakhs for our capital undertakings.

REVENUE.

7. The budgeted revenue for the next year is Rs 230·04 lakhs as against the current year's anticipated revenue of Rs 232·88 lakhs so that our forecast for the ensuing year is Rs 2·84 lakhs less. This decrease is only apparent. While dealing with the revised estimates for the current year, I had referred to the special receipt under interest amounting to Rs 2·88 lakhs on account of premium realised by the conversion and sale of some of our existing

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